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Articles:

1) Refueling bill to clear Diet today

MAINICHI (Page 5) (Full)
December 12, 2008

The House of Councillors Committee on Foreign Affairs and Defense yesterday voted down a bill amending the new Antiterrorism Special Measures Law to extend Japan's refueling mission in the Indian Ocean by a majority of lawmakers from the main opposition Democratic Party of Japan (DPJ), the Japanese Communist Party (JCP) and the Social Democratic Party. The bill is expected to be voted down today in the Upper House plenary session, as well.

With this, the ruling parties will readopt and enact the refueling bill by a two-thirds overriding vote in the House of Representatives' plenary session today.

The bill is designed to extend by one year the Maritime Self-Defense Force's refueling operation, which will expire on Jan. 15. In a debate ahead of taking a vote in the Upper House committee, DPJ's Hisashi Tokunaga pointed out: "Since security in Afghanistan has

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been deteriorating year after year, the refueling mission will not resolve the issue." Masayoshi Hamada, however, emphasized the meaning of the refueling mission, saying: "Now is a critical time for improving security (in Afghanistan)."

In an Upper House Financial Affairs Committee session yesterday, the DPJ presented a revised bill to amending the Financial Functions Strengthening Law, which suggests that ShinGinko Tokyo be excluded. Since the number of pros and cons were the same, Committee Chairman Naoki Minegishi, a DPJ member, decided that the bill was approved. The DPJ voted for the bill, while the LDP, New Komeito, and the JCP were against it.

2) Refueling assistance fraught with 3 concerns; Revised law to be enacted today

ASAHI (Page 4) (Slightly abridged)
December 12, 2008

The House of Councillors Foreign Affairs and Defense Committee met yesterday and voted down a government-introduced bill amending the Refueling Assistance Special Measures Law for a one-year extension of the Maritime Self-Defense Force's refueling activities in the Indian Ocean with a majority of votes from the Democratic Party of Japan (Minshuto) and other opposition parties. The government-proposed legislation will be voted down in a plenary sitting of the opposition-controlled upper chamber today. However, the House of Representatives-where the ruling coalition of the Liberal Democratic Party and the New Komeito have a majority of the seats-will take a second vote on the bill in its plenary sitting today to override the upper chamber's decision. Prime Minister Aso has now forgone dissolving the lower chamber in defiance of the opposition bloc's calls for an early dissolution, and the upper chamber's deliberations on the legislation have been drawn out. However, there are now three points at issue.

Afghan dispatch may become a political issue again

In a Nov. 6 House of Councillors Foreign Affairs and Defense Committee meeting, Satoshi Inoue, a House of Councillors member of the Japanese Communist Party, asked why the government sent a fact-finding team to Afghanistan. "Did the government send the team there for the purpose of dispatching ground and heliborne troops?" Inoue asked. Chief Cabinet Secretary Kawamura replied: "It was not

premised on a dispatch. It was for general study."

In June this year, the government sent a fact-finding team to Afghanistan and its neighbors. That was because the United States and the North Atlantic Treaty Organization (NATO) had sounded out Japan on dispatching the Self-Defense Forces to Afghanistan. The team is said to have explored the possibility of sending Air Self-Defense Force C-130 transport planes and Ground Self-Defense Force heavy-lift helicopters for airlift activities.

At the House of Councillors Foreign Affairs and Defense Committee's request, the government came up with an outline of the fact-finding team's report. However, the government did not reveal anything specific about the team's findings. "Disclosing specific information could affect the safety of personnel and would seriously mar the international community's trust," Kawamura stated before the committee.

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However, an SDF dispatch to Afghanistan will likely become a political issue again when the new U.S. administration is inaugurated under President-elect Obama in January. There is growing frustration among the opposition parties. "The government did not show even the fundamental information that is a premise for deliberations," said Hisashi Tokunaga, a House of Councillors member from the DPJ.

Antipiracy legislation in the pipeline

The LDP and the DPJ are at odds over the issue of continuing the MSDF's refueling mission. However, the two parties moved closer to agreement.

Akihisa Nagashima (DPJ): "They (commercial ships) are being exposed to the threat of pirates. It's vitally important to secure the sea lanes."

Prime Minister Aso: "We would like to study what we have under the law."

In an Oct. 17 House of Representatives Antiterrorism Special Committee meeting, Nagashima, who knows well about security policy, suggested the need for the government to take measures (for tankers and other Japanese commercial ships) against pirates that are rampant in waters off the coast of Somalia. In response, the government began a full-fledged study to create a new law against pirates, giving heed to the option of sending MSDF vessels.

"In the Indian Ocean, there is drug trafficking and there are pirates. There is also the issue of shipping safety." With this, Foreign Minister Nakasone made an appeal on the MSDF's refueling activities in the Indian Ocean, meaning to say the MSDF's presence there for refueling activities contributes to antipiracy measures. However, the Refueling Assistance Special Measures Law stipulates nothing about antipiracy measures. "You said that as foreign minister. That is a problem, isn't it? You're stretching the law. That's strange." With this, Shinkun Haku, a House of Councillors member from the DPJ, made a countercharge to Nakasone.

The Air Self-Defense Force will withdraw its airlift detachment from Iraq at the end of the year. In the meantime, the Diet will open its ordinary session early next year. Its security debate will likely focus on antipiracy legislation.

Overly optimistic thinking about civilian control

Another issue in the Diet debate has been civilian control. ASDF Chief of Staff Toshio Tamogami was sacked for his release of an essay that justified Japan's wartime aggression. However, the government had little awareness of the problem. The prime minister said, "Civilian control was exactly in place, so immediate dismissal was possible."

The opposition bench pursued Tamogami's view of history. However, the government reiterated that it would not comment on the essay's

descriptions. Defense Minister Hamada noted yesterday: "The essay has inappropriate portions regarding the government's view and the Constitution, but this does not come under the heading of a political act."

3) U.S. sailor on trial for taxi driver slaying to undergo mental

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tests ordered by the court

MAINICHI (Page 27) (Excerpt)
December 12, 2008

In the second hearing of U.S. Navy Seaman Apprentice Olatunbosun Ugobogu, a 22 year-old Nigerian attached to the U.S. Navy base at Yokosuka who is on trial for robbery and murder of a taxi driver in Yokosuka City, Kanagawa Prefecture, the Yokohama District Court yesterday ordered that he undergo mental tests that have been requested by the defendant's lawyer.

Head judge Masaaki Kawaguchi gave as the reason: "The facts are critical, so I wish to proceed cautiously." The testing will be carried out in tandem with the trial and should take three months.

4) Japan-Australia security talks set for next week; Foreign and defense ministers to agree on increased bilateral cooperation

NIKKEI (Page 2) (Full)
December 12, 2008

The governments of Japan and Australia decided yesterday to hold a Japan-Australia Security Committee meeting of the foreign and defense ministers (2 plus 2) late next week in Tokyo. The two countries are expected to reach an agreement to strengthen bilateral cooperation on the security front to deal with major disasters and the threat of terrorism.

With Australia reportedly willing to provide energy aid to North Korea in place of Japan, in line with the six-party agreement, the two countries are also expected to look for ways to coordinate their North Korea policies.

From Japan, Foreign Minister Hirofumi Nakasone and Defense Minister Yasukazu Hamada will attend the meeting. The two countries will upgrade bilateral security cooperation by revising a memorandum on the development of defense exchanges, inked in 2003, for the first time in five years.

Envisaging cooperation in nuclear and arms nonproliferation and UN peacekeeping operations, the meeting will also discuss joint exercises between the Australian military and Japan's Self-Defense Forces.

The upcoming meeting will be the second following the previous one, held in June 2007 during the then Abe administration. In the previous meeting, then Foreign Minister Taro Aso promoted cooperation between Japan, the United States and Australia by advocating the arc of freedom and prosperity initiative promoting the democratization of Asia. Prime Minister Aso just agreed in October on expanded security cooperation with India through Japan-India summit. Planned coordination with Australia follows such developments.

5) Six-party talks fails to reach agreement on verification protocol

MAINICHI (Page 2) (Full)
December 12, 2008

Mayumi Otani, Beijing

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The fourth day of the six-party head-of-delegation meeting on North

Korea's nuclear program ended yesterday without producing any agreement stipulating a verification protocol for the North's nuclear declaration, nor setting a date for a next meeting. The chief negotiators were unable to fill the gaps between the three countries -- Japan, the United States and South Korea, which insisted that nuclear sampling should be codified -- and North Korea, which refused to comply.

According to sources close to the six-party talks, the chief U.S. envoy, Assistant Secretary of State Christopher Hill explained to the participants the White House's official instruction that the Bush administration would not allow bilateral talks between the U.S. and North Korea before its term ends. The next round of the six-party talks is now certain to be held after the administration of President-elect Barack Obama is inaugurated in January.

The statement announced by China's chief envoy Wu Dawei, vice foreign minister of China, host of the six-party talks, confirmed only one thing, namely, that the next meeting would be held as soon as possible. Japan's chief negotiator, Foreign Ministry Asian and Oceanian Affairs Bureau Director General Akitaka Saiki said: "Nobody thinks that the meeting was satisfactory."

With the failure in reaching an agreement on the codifying of a verification protocol, South Korean chief envoy Kim Sook stated: "We will consider whether to continue energy support." Meanwhile, North Korean chief negotiator Kim Kye Gwan reported rebutted in the meeting, arguing: "We will adjust the speed of disablement in accordance with the aid we receive."

6) Japan-DPRK dialogue not realized

NIKKEI (Page 2) (Excerpts)
December 12, 2008

Takeshi Nagasawa, Beijing

In the latest six-party talks held in Beijing to discuss the denuclearization of North Korea, Japan tried to find ways to have a dialogue with the North to seek progress on the issue of Japanese nationals abducted by the North. But Japan's efforts did not pay off. Foreign Ministry Asian and Oceanian Affairs Bureau Director-General Akitaka Saiki emphatically said on the night of Dec. 11: "I want to continue to search for opportunities for a dialogue." As is the case with the talks on the nuclear issue that broke off, there are no prospects to break the deadlock regarding the abduction issue.

A chairman's statement, released on the same day, simply urges Japan and North Korea to make sincere efforts for resolving outstanding bilateral issues and the normalization of bilateral relations. In the six-party talks, the North held separate talks with the United States, China, South Korea and Russia, but it declined Japan's call for dialogue.

Dialogue between Japan and North Korea has not occurred since bilateral working-level talks in August. Chief Cabinet Secretary Takeo Kawamura said in a press briefing: "Channels have not been closed, but it is a fact that we have not been able to have direct talks (with the North)."

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7) Japan thinks next round of six-party talks will not take place for several months

MAINICHI (Page 2) (Abridged slightly)
December 12, 2008

Mayumi Otani, Beijing

Through the latest six-party talks, the Japanese government has concluded that the North has shifted its attention to the incoming Obama administration of the United States, with a senior government official saying: "The possibility has vanished that the next round of talks will take place anytime soon." The government thinks it

will be several months before the Obama administration firms up its diplomatic strategy and sets a clear policy (toward North Korea). How to coordinate policy approaches with the Obama administration, including the abduction issue, will be a challenge for the government.

"We have agreed to meet again at an early date, but that will not be easy," Japan's chief delegate and Foreign Ministry Asian and Oceanian Affairs Bureau Director-General Akitaka Saiki told the press corps in Beijing on the night of Dec. 11.

The Japanese government upheld the policy of seeking verification methods, including the sampling of nuclear materials that would leave no room for distortion or misunderstanding. The policy approach reflected Japan's concern that the Bush administration in its closing days might make compromises with the North. The results have spread a sense of relief in Japan, with a senior Foreign Ministry official commenting: "Although substantial fruits have not been produced, that's better than an ambiguous agreement."

Nevertheless, Japan was not able to find a lead for making progress on the abduction issue. Saiki said discouragingly: "The North did not come with a policy intention of having a point of contact with Japan."

8) North Korea's strategy fizzles in six-party talks; Japan, U.S., and South Korea remain firmly united

MAINICHI (Page 2) (Excerpts)
December 12, 2008

Shoji Nishioka, Beijing

In the six-party talks that took place in Beijing, North Korea applied pressure on other countries that demanded nuclear verification methods be put into writing. But because Japan, the United States and South Korea that sought the sampling of nuclear facilities remained firmly united, the North could not achieve its objectives, including obtaining energy aid. Amidst a rumor that North Korean leader Kim Jong Il is suffering from ill health, the six-party talks have now been forced to readdress the North Korean denuclearization issue with an eye on the Jan. 20 inauguration of the Obama administration in the United States.

9) Government plans economic stimulus package worth 40 trillion yen

YOMIURI (Top Play) (Excerpts)
December 12, 2008

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In an effort to deal with the current economic downturn and the deteriorating job market, the government decided yesterday to significantly expand the additional package it had earlier announced. It plans to boost measures related to the people's livelihoods worth 27 trillion yen and job security measures worth 2 trillion yen. Since a bill amending the Law for Strengthening Financial Functions authorizing the government to pour public funds into financial institutions will clear the Diet today, the government also plans to increase the amount of public funds to be injected in domestic financial institutions from the current 2 trillion yen to 12 trillion yen. The size of projects in the additional package is expected to reach 40 trillion yen. Prime Minister Aso will hold a press conference today and spell out the package.

The government intends to come up mainly with expanded employment, monetary, and tax measures in the additional economic package.

Recently, there are many cases in which troubled companies cancel job offers to new graduates and dismiss irregular part-timers. To deal with this social problem, the package will include measures to stabilize the job market and to assist companies in providing dismissed workers with housing and daily necessities over the New Year holidays.

In an effort to resolve financial institutions' credit crunch and facilitate small businesses to raise funds, the government will augment the amount of public funds to be used for financial institutions under the new legislation from the current 2 trillion yen to 12 trillion yen and will also take satisfactory measures to secure the soundness of local financial institutions and to stabilize the financial system.

On the Law for Strengthening Financial Functions, the Democratic Party of Japan's revision bill was adopted in a meeting of the House of Councillors' Fiscal and Financial Committee yesterday. The bill will be sent to the House of Representatives today, but the ruling parties will reject it and bring the government's bill back into the Lower House for a revote.

10) Government to assist medium and large firms by disbursing 3 trillion yen

ASAHI (Page 1) (Full)
December 12, 2008

The government decided yesterday to map out 3 trillion yen worth of assistance measures for medium and large companies as emergency economic stimulus measures. The Development Bank of Japan will purchase commercial paper (CP), a kind of debenture issued by companies to procure short-term funds, at the scale of 2 trillion yen. In addition, low-interest loans worth 1 trillion yen will be offered. It will be the first time for the Development Bank of Japan to buy CP.

The measure to purchase CP is aimed to help medium and large firms raise funds. The government has already come up with a set of assistance measures for small businesses, but it is also becoming difficult for larger businesses to procure funds, given the ongoing serious financial crisis. Specifically, Japan Financial Corporation will lend money accrued by issuing investment-and-loan bonds to the

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Development Bank of Japan, and the bank will buy CP on the market with the money. The total amount of purchase is estimated at 2 trillion yen. The government will insert necessary provisions in the second supplementary budget bill for fiscal 2008 and next fiscal year's budget bill, both of which will be submitted to the next ordinary Diet session.

Growing financial instability has decreased the underwriters of CP. The amount of CP newly issued in October was about 9 trillion yen, down about 30 PERCENT from the same month a year ago. It has been said that with few buyers, the market has been in a state of collapse. Given this, market players have placed high expectations on the government for assistance.

11) Time for consumption tax hike not specified in ruling camp's mid-term program, due to New Komeito's opposition

ASAHI (Top Play) (Excerpts)
December 12, 2008

The Liberal Democratic Party and the New Komeito decided early this morning not to specify the timing for hiking the consumption tax in their mid-term program, a roadmap for future tax reform. The New Komeito is against mentioning the time, with an eye on the next general election. The LDP accepted its ruling partner's intention. Prime Minister Aso instructed State Minister in Charge of Economic and Fiscal Policy Kaoru Yosano last evening to put down "three years later" as the timing for increasing the tax, but this instruction was turned down the same day. Aso's political strength will inevitably be dampened further.

LDP Tax System Research Committee Chairman Yuji Tsushima and his New Komeito counterpart Yoshihisa Inoue held consultations at a Tokyo hotel until early morning today and agreed to use this expression in the ruling camp's tax reform outline for fiscal 2009 to be incorporated in its mid-term program: "Drastic tax reform, including a consumption tax hike, should be implemented after the economy turns around." As the time for the hike, the expression "by the

mid-2010s" will be used. LDP tax panel subcommittee chairman Hakuo Yanagisawa told reporters: "Since the New Komeito put up strong resistance to the inclusion of a specific figure, we had to give in."

Aso told Yosano at the Prime Minister's Office last evening: "I have so far declared that the government will hike the consumption tax three years from now. I hope my pledge will be reflected in the mid-term program." Later, Aso also told reporters: "The principle is to increase the consumption tax three years from now."

Based on the prime minister's intention, the LDP specified in its initial draft that "the government will work out necessary legal measures in 2010, and implement tax reform measures, including a consumption tax hike, starting in fiscal 2011 and completing them in 2015." Meanwhile, the program inserted a provision noting that "a flexible response will be made in accordance with changes in economic conditions," showing a flexible stance of not raising the tax if the economy remains stagnant. But New Komeito strongly reacted to the initial draft, claiming that even if a flexible provision is included, "three years later" might take on a life of its own. As a result, the LDP made a significant concession.

12) DPJ plans strategic moves for the regular session of the Diet,

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presenting bill with economic stimulus measures, tying up the administration by continuing deliberations

NIKKEI (Page 2) (Excerpt)
December 12, 2008

With the passage of two major bills, one extending refueling operations in the Indian Ocean and the other recapitalizing banks, the Democratic Party of Japan (DPJ) has begun to work out its strategy for pursuing the Aso administration in the regular Diet session next year. The plan is to tie up the ruling camp in the regular Diet session by greatly continuing deliberations on bills related to economic stimulus measures that the DPJ presented to the Upper House on Dec. 11. The DPJ also will hold in reserve its argument for presenting a censure motion against Prime Minister Aso and a no-confidence motion against the cabinet to the regular Diet session.

13) Hidenao Nakagawa, 56 other LDP lawmakers meet

MAINICHI (Page 5) (Excerpts)
December 12, 2008

A group of 57 Liberal Democratic Party (LDP) lawmakers, led by former Secretary General Hidenao Nakagawa, held a meeting yesterday at LDP headquarters. The group was formed by Nakagawa to plan relief measures for the public. With the public's support for Prime Minister Taro Aso's cabinet plummeting, junior and mid-level LDP members such as former Administrative Reform Minister Yoshimi Watanabe, who has stepped up criticism of Aso, and former Chief Cabinet Secretary Yasuhisa Shiozaki, flocked to the meeting. Nakagawa also showed up in a study session yesterday of lawmakers from the LDP, the Democratic Party of Japan (DPJ), and New Komeito. As seen in his activities, he is now in the forefront, with political realignment in mind.

In the meeting held yesterday afternoon at LDP headquarters, Nakagawa stated:

"I'm truly sorry for that our group is rumored to be a precursor to a new party. I want you to discuss matters to create a social security system under which the people can live with peace of mind."

Nakagawa denied that his group was working on creating a new party. He made an effort to play up that the group was formed only for the purpose of discussing policy issues, by calling on former Prime Minister Shinzo Abe and Election Strategy Council Deputy Chairman Yoshihide Suga, who are close to Aso, to take part in the meeting. In yesterday's meeting, Abe gave the group a warning, saying: "Now

is the time to pull together and support the Aso administration in order to win back the trust of the people."

However, some LDP members are alarmed by Nakagawa's moves. Nakagawa fielded former Defense Minister Yuriko Koike in the party leadership race as a candidate to vie with Aso. He has repeatedly referred to the possibility of political realignment, noting: "(The will of the public) demands drastic change in politics." He also stated: "I will make my decision the moment the election is over."

SCHIEFFER